

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 IO-13 ISO-00 SAJ-01 SP-02 USIA-06 AID-05

EB-07 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 L-03 H-02 CIAE-00 COME-00 FRB-03 INR-07

NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 DODE-00 /106 W

----- 074700

R 201122Z JUL 76

FM AMEMBASSY BERN

TO SECSTATE WASHDC 2902

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

AMEMBASSY TOKYO

USMISSION NATO

USMISSION GENEVA

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

AMCONSUL ZURICH

C O N F I D E N T I A L BERN 3234

NO FOREIGN DISSEMINATION

EO 11652: GDS

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TAGS: EEWT EFIN EINV ETRD SZ

SUBJ: CREDITS FOR EASTERN EUROPEAN COUNTRIES

REF: A. ZURICH 143; B. BERN 1096 AND 1808

1. A RELIABLE SWISS BANKING SOURCE TELLS US THAT AT A MEETING OF WESTERN COMMERCIAL BANK ECONOMISTS, ONE OF A SERIES HELD TO DISCUSS CURRENT ECONOMIC PROBLEMS AFFECTING BANKS, THE HEAD OF HUNGARIAN NATIONAL BANK FEKETE (POSSIBLY JANO FEKETE, FORMER FIRST DEPUTY PRESIDENT IN 1971) WHO HAS BEEN ATTENDING REGULARLY FOR SOME TIME WAS ASKED SOME POINTED QUESTIONS ABOUT WHETHER THE SOVIETS OR ANY OTHER COMECON COUNTRIES WOULD COME TO THE ASSISTANCE OF ANOTHER COMECON COUNTRY THAT COULD NOT MEET ITS DEBT OBLIGATIONS. THE ANSWER WAS THAT WHILE ONE COUNTRY WOULD PROBABLY AID ANOTHER THROUGH A CROP FAILURE OR SOME SUCH MINOR CRISIS, THIS WAS THE MOST THAT COULD BE EXPECTED.

2. OUR SOURCE ADDED THAT THE SOVIETS IN PARTICULAR ARE BECOMING QUOTE ALMOST THREATENING UNQUOTE IN THEIR DEMANDS FOR INCREASED CREDITS FROM WESTERN BANKS. HE SAID THAT IN THE COURSE OF THE MEETINGS OF BANK ECONOMISTS AT WHICH FEKETE WAS PRESENT, FEKETE TOOK COPIOUS NOTES OF THE VERY FRANK EXCHANGES OF VIEW BUT OFFERED VERY LITTLE IN RETURN. FEKETE HAD BEEN TOLD THAT IT WAS DIFFICULT FOR BANKS TO JUSTIFY LOANS TO COUNTRIES THAT REFUSED TO PROVIDE EVEN THE MOST BASIC INFORMATION ON THEIR BALANCES OF PAYMENTS, RESERVES AND SO FORTH, AND THAT AS AN APPARENT RESULT SUCH INFORMATION IS MORE FREELY AVAILABLE THEN FORMERLY. WHETHER WHAT IS PROVIDED IS ACCURATE, HE SAID, IS IMPOSSIBLE TO DETERMINE.
ODELL

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